Government of Saskatchewan

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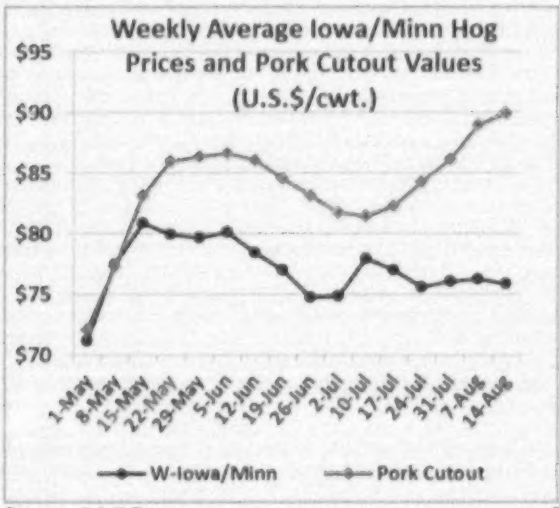
Weekly Hog Report

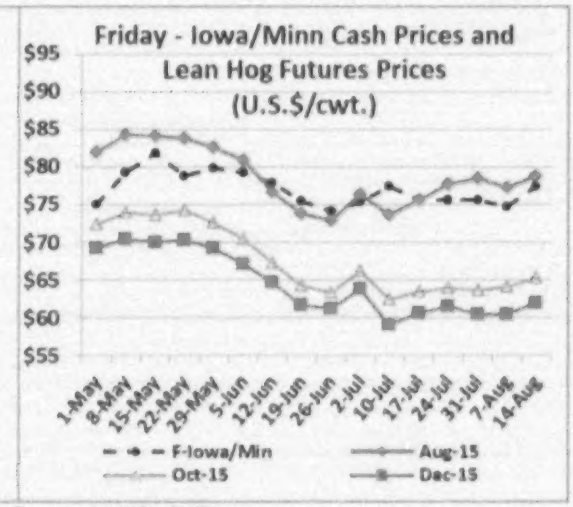
August 17, 2015

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) moved higher later in the week to end the week higher, week-over-week. Hog prices on Friday August 14 averaged US$77.37 per cwt, up US$2.67 per cwt from US$74.70 per cwt the previous Friday. The negotiated base price last week averaged US$75.83 per cwt, down US$0.46 per cwt from US$76.29 per cwt the previous week. Strong pork cutout values and the wide spread between pork cutouts and hog prices should support hog prices over the next few weeks.



Source: LMIC



Source: LMIC, CME

In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday August 14, 2015 was $183.75 per ckg, up $4.94 per ckg or 2.8 per cent from $178.81 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $179.67 per ckg, down $2.64 per ckg or 1.4 per cent from the previous weeks' average price of $182.31 per ckg. The Canadian dollar was again mixed last week but edged higher to close Friday at 76.38 cents; up 0.24 cents from the previous Friday's close of 76.14 cents. The devaluation of the Chinese Yuan last week increased volatility in North American stock markets.

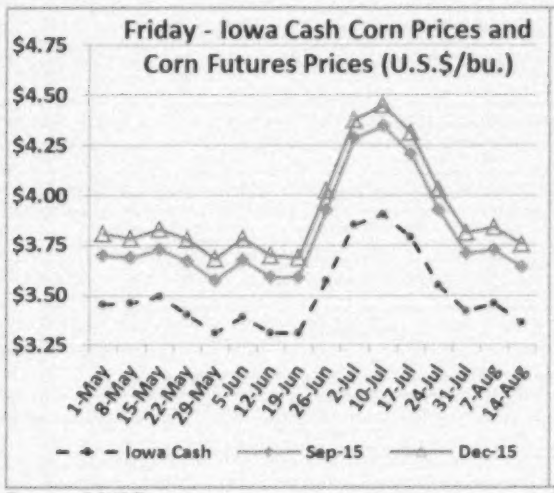
Futures Markets

Lean hog futures daily prices were overall higher last week to end the week higher, week-over-week. The nearby August contract increased US$1.500 per cwt to settle Friday at US$78.825 per cwt, while the October contract increased US$1.200 per cwt to settle

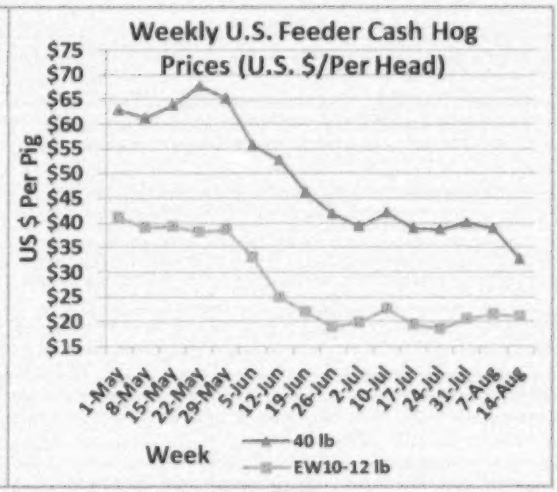
Friday at US$65.325 per cwt. The December lean hog futures contract increased US$1.475 per cwt to settle last Friday at US$61.950 per cwt. Lean hog futures gained strength likely on stronger pork cutout values, but remain US$12 per cwt lower in the October futures contract and US$15 per cwt lower in the December futures contract; compared to the current cash hog prices.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were lower last week. Weighted average cash prices for iso-weans (12lb) last week were US$21.06 per head, down US$0.49 per head from US$21.55 per head the previous week. Feeders (40lb) were US$32.54 per head, down $6.13 per head from US$38.67 per head the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

Iowa cash corn prices and the nearby corn futures moved lower last week on better than expected USDA corn production estimates. Cash corn prices have been overall trending lower since mid-July after moving noticeably higher in late June and early July, from earlier crop concerns. The Iowa cash price on Friday was US$3.36 per bushel, down ten cents from US$3.46 per bushel the previous Friday. The September corn futures contract declined almost nine cents to settle Friday at US$3.64 per bushel, while the December futures contract declined just over eight cents to settle Friday at $3.75½ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending August 15 were estimated at 2.218 million head, up 4.3 per cent from 2.126 million head the previous week, and up 10.0 per cent from 2.016 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending August 15 averaged 2.140 million head per week, up 11.5 per cent from 1.919 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the shorter week ending August 8, 2015 were estimated at 376,739 head, down 6.2 per cent from 401,668 head the previous week, but up 5.5 per cent from 357,111 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending August 8, 2015, were

estimated to average 397,119 head, up 4.2 per cent from 381,132 head over the same period a year ago. Year-over-year, Canadian hogs slaughtered are up 3.0 per cent, at 12.354 million head.

Meat Production

U.S. pork production for the week ending August 15, 2015 was estimated at 464.9 million lb., up 4.0 per cent from 447.1 million lb. the previous week, and up 8.5 per cent from 428.5 million lb. the same week a year ago. Pork production over the last four weeks ending August 15 was estimated to average 448.7 million lb., up 9.8 per cent from 408.6 million lb. over the same four week period a year ago.

U.S. beef production for the week ending August 15 totaled 444.4 million lb., up 1.0 per cent from 440.1 million lb. the previous week, but down 5.8 per cent from 471.6 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending August 8, 2015, was estimated to average 1.971 billion lb., up 2.8 per cent from 1.917 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2015 is estimated to be up 3.8 per cent compared to the same period in 2014.

United States Weekly Meat Production

(Aug. 8) Four Week Average - Million Lb.			Percent Change	
	2014	2015	4 Week	YTD 2015
Pork	399.4	441.8	10.6%	7.7%
Beef	464.8	441.1	-5.1%	-4.2%
Chicken	922.8	967.1	4.8%	6.9%
Turkey	130.0	120.6	-7.2%	-2.0%
Total	**1,917.0**	**1,970.6**	**2.79%**	**3.81%**

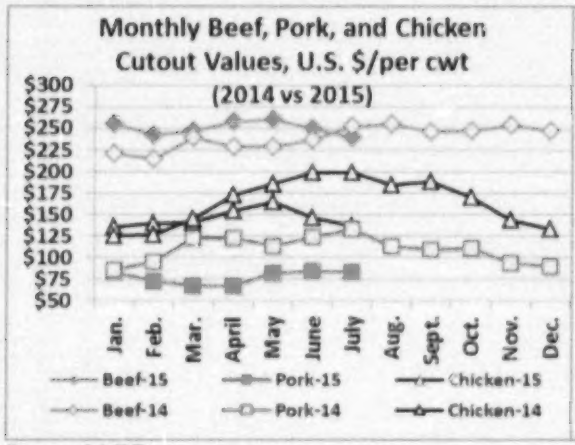
Source: LMIC

Cutout Values

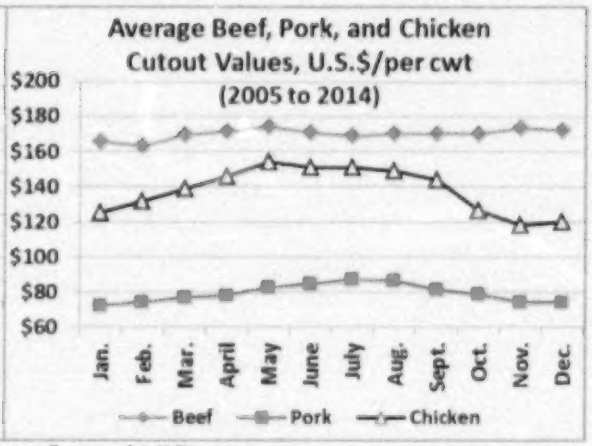
U.S. pork cutout values for the week ending August 15, 2015 averaged US$89.97 per cwt, up US$1.01 per cwt or 1.1 per cent from US$88.96 per cwt the previous week, but down 22.4 per cent from US$116.00 per cwt from a year ago. Pork cutout values have increased over the last few weeks which should help support hog prices. Seasonally, pork cutout values typically trend lower into the fourth quarter with larger pork supplies; and this year will likely be no exception.

Choice beef cutout prices (600-900 lb.) averaged US$242.66 per cwt for the week ending August 15, 2015, up US$7.82 per cwt or 3.3 per cent from US$234.84 per cwt the previous week, but down 5.7 per cent from US$257.35 per cwt the same week a year ago. While beef cutout values are currently below year-ago record levels, cutout prices are still relatively strong and well above the 10-year average.

Average chicken cutout values (Northeast breast) for the week ending August 15, 2015 averaged US$138.73 per cwt, up US$7.57 per cwt or 5.8 per cent from US$131.163 per cwt the previous week, but down 23.9 per cent from US$182.20 per cwt the same week a year ago. Chicken cutout values have historically trended lower in the fourth quarter.



Source: LMIC



Source: LMIC

USDA World Agricultural Supply and Demand Estimates (WASDE)

On August 12 the USDA released the August World Agricultural Supply and Demand Estimates (WASDE). United States August corn production estimates were increased by 2.0 bushels per acre to 168.8 bushels per acre from the July estimates; increasing total production estimates to 13.686 billion bushels. USDA estimates were higher than the average trade estimates of 164.7 bushels per acre and total estimated production of 13.332 billion bushels. U.S. projected 2015/16 ending stocks was increased by just over three million metric tons. U.S. farm corn price estimates were reduced with average prices estimated to range between US$3.35 and US$3.95 per bushel for 2015/16.

The USDA WASDE report estimated that United States Red Meat and Poultry production for 2015 will be 94.971 billion lb., a 0.3 per cent decrease from the July estimates, but a 3.0 per cent increase from 2014. United States meat production for 2015 is projected to increase for pork (+7.6%), broilers (+4.4%), but decrease for beef (-2.0%) and turkeys (-2.1%), from 2014 production.

USDA August World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2013	**Annual**	**25,720**	**23,187**	**37,830**	**5,806**	**93,333**
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	July Proj.	23,824	24,581	40,492	5,564	95,216
2015	**Aug. Proj.**	**23,759**	**24,581**	**40,245**	**5,632**	**94,971**
% Chg.	July - Aug.15	-0.27%	0.00%	-0.61%	1.22%	**-0.26%**
% Chg.	**2014-2015**	**-2.03%**	**7.61%**	**4.40%**	**-2.15%**	**3.04%**
2016	**Aug. Proj.**	**24,835**	**24,705**	**41,375**	**6,010**	**97,698**

Source: USDA August WASDE Report, August 12, 2015

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